

## Geopolitical Risk Back on the Radar

Equity markets closed out the week on a down note, driven by concerns over AI disruption, higher than expected wholesale inflation, and geopolitical tensions. For the week, the S&P 500 Index was -0.4%, the Dow Jones Industrials -1.3%, and the NASDAQ -0.2%. The Utility, Consumer Staples, and Health Care sectors led the S&P 500 Index for the week, while the Technology, Financial, and Consumer Discretionary sectors lagged. The 10-year U.S. Treasury note yield was 3.962% at Friday's close versus 4.082% the previous week.

January wholesale prices, measured by the Producer Price Index (PPI), showed sticky inflation, specifically in services versus goods. The January PPI was +0.5% month-over-month versus an expectation of +0.3%. Inflation in services was +0.8% month-over-month and inflation in goods was -0.3% month-over-month. This week the February Employment Situation report is scheduled for Friday. CME Fed funds futures currently indicate 0.25% reductions in short-term interest rates at the July and October Federal Reserve policy meetings.

Over the weekend, the U.S. and Israel initiated military action against Iran after talks to curb Iran's nuclear program fell through. This is likely to keep investors on edge over coming days as the action is on-going.

This week 10 companies in the S&P 500 Index are scheduled to report earnings. With 96% of companies already reported, the fourth quarter earnings are expected to grow by 14.2% and quarterly revenue growth is expected at 9.4%. Full-year 2025 earnings are expected to grow by 13.6% with revenue growth of 7.7% and 2026 full-year earnings are expected to grow by 14.7% with revenue growth of 7.7%.

In our Dissecting Headlines section, we look at the current conflict in Iran.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-0.4%	0.7%	Aggregate Bond Index	0.5%	1.7%
Dow Jones Industrial Average	-1.3%	2.1%	U.S. Dollar Index	-0.2%	-0.7%
NASDAQ 100	-0.2%	-1.1%	WTI Crude Oil	0.9%	16.7%
Russell 2000 (Small Cap Index)	-1.2%	6.2%	Gold	3.5%	22.3%
International Stocks (MSCI ex-US)	1.7%	11.3%	Real Estate (US REIT Index)	1.0%	11.3%

Sources: S&P Global, FactSet

## Dissecting Headlines: Iran Conflict

The U.S. and Iran did not come to any agreements on limiting Iran's nuclear program in Geneva last week. The U.S. and Israel started a military campaign over the weekend that has so far eliminated most of Iran's top tier leadership. Iran's retaliation has spread to other countries in the region, possibly bringing them into the conflict.

Oil prices are currently higher as Iran is the 9th largest oil producer in the world and has the 4th highest proved reserves. Additionally, Iran's geographic position near the Strait of Hormuz is limiting seaborne transit of oil and LNG out of the Persian Gulf area. Some current reports cite traffic down 70%.

Depending on the duration of the conflict and safety concerns in the Gulf, there could be days to weeks of disruption. We are seeing a typical pattern of investors shunning risk, as equities look to trade down in the near-term and money flows into traditional safe havens such as gold and government bonds.

Most of Iran's oil was going to China, at below market prices. Like recent events in Venezuela, the events in Iran could shift some of the global oil supply dynamics. In the interim, several OPEC+ countries, to include Saudi Arabia, plan to raise oil production by 1.65 million barrels per day starting in April. U.S. officials are not currently planning to release oil from the strategic petroleum reserve.

The duration and extent of disruptions and their economic impact should play out over the coming days and weeks.

## The NovaPoint Team



**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointgroup.com](mailto:jsroka@novapointgroup.com)**

Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and ABN Amro. Before beginning his investment career, Joe was an Infantry officer in the U.S. Army. Joe holds a BS from the U.S. Military Academy at West Point and an MBA from the University of Chicago. He is both a Chartered Financial Analyst (CFA) and a Chartered Market Technician (CMT).



**Alan J. Conner / President and Chief Compliance Officer / [aconner@novapointgroup.com](mailto:aconner@novapointgroup.com)**

Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet strategies for depository institutions. He holds a BS in Banking and an MBA in Finance from Nova Southeastern University. Alan is an endurance athlete and three-time IRONMAN finisher.



**Frederick Wright, CFA / Managing Director & Portfolio Manager / [fwright@novapointgroup.com](mailto:fwright@novapointgroup.com)**

Frederick has over 30 years of experience in the investment management industry. Prior to joining NovaPoint, Frederick was a Partner and Investment Advisor at Brightworth where he advised high net worth investors. Frederick began his investment career in 1991 at Balentine & Co where he rose to Partner. He also co-founded and served as Chief Investment Officer at Wright Investment Management and at Smith & Howard Wealth Management. Prior to beginning his investment career, Frederick served as an Engineer officer in the U.S. Army. He holds a BS from the U.S. Military Academy at West Point and an MBA from Emory University. Frederick is a Chartered Financial Analyst (CFA).



**Larry Dixon, EA / Tax Managing Partner / [ldixon@novapointgroup.com](mailto:ldixon@novapointgroup.com)**

Larry leads NovaPoint's accounting, tax and outsourced CFO business. He built his previous company, Atlas Solutions, as a solo entrepreneur before merging into NovaPoint CFO. Larry began his career as a Field Artillery officer in the United States Army. Larry earned his Bachelor of Science degree from the U.S. Military Academy at West Point, where he was a four-year letterman on the football team. Larry is a certified Enrolled Agent, recognized by the U.S. Department of the Treasury to represent taxpayers before the Internal Revenue Service.



**Meghan Hoover, FRC<sup>SM</sup> / Investment Associate / [mhoover@novapointgroup.com](mailto:mhoover@novapointgroup.com)**

Meghan is an Investment Associate focusing on financial planning. Prior to joining NovaPoint, Meghan spent 18 years in government service as an Operations Officer in military intelligence. She holds two Bachelor of Science degrees from the University of Maryland and a Master of Science from the Joint Military Intelligence College. Meghan has additional education specializing in financial planning and currently holds the Federal Retirement Consultant designation.

**NovaPoint Capital LLC** (referred to herein as "NovaPoint" or "the Company") is registered with the SEC as an investment adviser, but registration does not imply any certain level of skill or training. The information contained in this document has not been filed with, reviewed by or approved by any regulatory or self-regulatory authority.

**Not an offer of advisory services or securities:** This document is limited to the dissemination of general information about the services provided by the Company and is provided for informational purposes only. This document is intended for residents of the United States only and the information contained herein does not constitute an offering of advisory services or an offer to sell or solicitation to buy any securities or other financial instruments in any jurisdiction in which such offer or solicitation, purchase or sale would be unlawful under the securities, or other applicable laws of such jurisdiction. Nothing contained in this document constitutes tax, legal or investment advice. Responses to any inquiry which may involve the rendering of personalized investment advice for compensation or effecting or attempting to effect transactions in securities will not be made absent compliance with state broker-dealer, investment adviser, broker-dealer agent or investment adviser representative registration requirements, or applicable exemptions or exclusions from such requirements.

**Investment risk:** The Company makes no representation, and it should not be assumed, that past investment performance is any indication of future results. Moreover, wherever there is the potential for profit there also is the possibility of loss. Certain of the Company's strategies may involve investments that are illiquid, are subject to a substantial risk of loss and are not suitable for certain investors.

**Limitation of liability:** While the Company uses reasonable efforts to include accurate and up-to-date information in this document, errors or omissions sometimes occur. The Company makes no warranties or representations as to the accuracy of this document. Opinions expressed herein are subject to change without notice. Under no circumstances shall the Company or any party involved in creating, producing, or delivering this document be liable for any direct, incidental, consequential, indirect, or punitive damages that result from the use of the information contained in this document, even if the Company's authorized representative has been advised of the possibility of such damages. Applicable law may not allow the limitation or exclusion of liability or incidental or consequential damages, so the above limitation or exclusion may not apply to you.

**Trademarks and copyrights:** All trademarks, service marks, trade names, logos, and icons are proprietary to the Company. Nothing contained in this document should be construed as granting, by implication, estoppel, or otherwise, any license or right to use any trademark displayed in this document without the prior written permission of the Company or such third party that may own the trademarks displayed in this document. Your use of the trademarks displayed in this document, or any other content in this document, except as provided herein, is strictly prohibited.